

THE REGIONAL GREENHOUSE GAS INITIATIVE

An Initiative of the Northeast and Mid-Atlantic States of the U.S.

RGGI 2016 Program Review

RGGI Program Design Elements: State Considerations

November 21, 2016 Stakeholder Webinar

www.rggi.org



RGGI Program Elements: State Considerations

- Outline:
 - Timing of Policy Implementation
 - Adjustment for Banked Allowances
 - Reserve Price
 - Emissions Containment Reserve (ECR)
 - Cost Containment Reserve (CCR)
 - Offsets
 - Next Steps / Stakeholder Comments



Timing of Policy Implementation

- The states are considering potential cap reductions to be implemented starting in 2021.
- The states are considering implementation of a post-2020 annual cap reduction, which would continue on a specified trajectory until the year 2030.
- The states are continuing to consider the implementation timing of potential changes to other program design elements, including the timing for the next program review.

The states seek comments on these considerations.



Adjustment for Banked Allowances

- The states are considering a potential adjustment(s) to the RGGI cap to account for some or all banked allowances which may be accrued from 2014 through 2020.
- The potential adjustment(s) could be applied to one year's cap or over multiple years.
- The current [Model Rule](#) contains language regarding adjustments for banked allowances in Section XX-5.3:
 - “On March 17, 2014, the REGULATORY AGENCY shall determine the second control period interim adjustment for banked allowances quantity the allocation years 2015 through 2020 by the following formula: $SCPIABA = ((SCPA - SCPE)/6) \times RS\%$.”

The states seek comments on potential adjustment(s) for banked allowances.

Reserve Price

- The states are considering a potential change to the Auction Reserve Price.

The states seek comments on this consideration.



Emissions Containment Reserve (ECR)

- The states are considering implementation of an ECR as a program element and the timing of the implementation.
- The states are considering the appropriate trigger price for an ECR, which could be informed by the allowance prices projected in the IPM low emissions modeling results.
- The states are considering the appropriate size of an ECR, which could be a fixed amount or proportional in size to each year's cap (e.g., X %).

The states seek comments on these considerations.



Cost Containment Reserve (CCR)

- The states are considering potential changes to the CCR as a program element and the timing of those changes.
- The states are considering a potential increase to the CCR trigger price, which could be informed by the allowance prices projected in the IPM high emissions modeling results.
- The states are considering the appropriate size of the CCR, which could be a fixed amount or proportional in size to each year's cap (e.g., X %).

The states seek comments on these considerations.



Offsets

- The states are considering potential changes to the current eligible offsets project categories, which include:
 - Landfill methane capture and destruction
 - Sulfur hexafluoride emissions reduction
 - Carbon sequestration due to U.S. forest projects
 - Carbon reduction/avoidance from end-use energy efficiency in buildings
 - Avoided methane emissions from agricultural manure management
- The states are considering whether eligibility of each of the existing project categories could be determined on an optional state by state basis.
 - Awarded offset allowances will remain fungible across all states and the 3.3% compliance limit will remain.

The states seek comments on these considerations.



Next Steps / Stakeholder Comments

- Written comments are requested by 12:00 PM ET on November 30, 2016 and should be submitted via email to info@rggi.org. All submitted comments will be posted at www.rggi.org.
- The states will share additional information with stakeholders, such as an updated draft Model Rule, as they continue to consider potential changes to the RGGI program.
- The states continue to welcome stakeholder engagement and feedback.



Thank you!

